

## Fiscal Estimate - 2009 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

<b>LRB Number</b> <b>09-2999/2</b>	<b>Introduction Number</b> <b>AB-0524</b>
<b>Description</b> The jurisdictional amount and court fees in certain small claims actions	
<b>Fiscal Effect</b>  <b>State:</b> <div style="display: flex; flex-wrap: wrap; padding-left: 20px;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect  <input checked="" type="checkbox"/> Indeterminate                         </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                         </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues  <input checked="" type="checkbox"/> Decrease Existing Revenues  <div style="margin-top: 10px;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes                                 <input type="checkbox"/> No                             </div> </div> <input type="checkbox"/> Decrease Costs                         </div> </div> <b>Local:</b> <div style="display: flex; flex-wrap: wrap; padding-left: 20px;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs  <input checked="" type="checkbox"/> Indeterminate                         </div> <div style="width: 33%;"> <div style="margin-bottom: 5px;">1. <input type="checkbox"/> Increase Costs</div> <div style="margin-bottom: 5px;"> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                             </div> <div style="margin-bottom: 5px;">2. <input type="checkbox"/> Decrease Costs</div> <div style="margin-bottom: 5px;"> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                             </div> </div> <div style="width: 33%;"> <div style="margin-bottom: 5px;">3. <input checked="" type="checkbox"/> Increase Revenue</div> <div style="margin-bottom: 5px;"> <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory                             </div> <div style="margin-bottom: 5px;">4. <input type="checkbox"/> Decrease Revenue</div> <div style="margin-bottom: 5px;"> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                             </div> </div> <div style="width: 33%;"> <b>5. Types of Local Government Units Affected</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns  <input checked="" type="checkbox"/> Counties  <input type="checkbox"/> School Districts                                 </div> <div style="width: 33%;"> <input type="checkbox"/> Village  <input type="checkbox"/> Others  <input type="checkbox"/> WTCS Districts                                 </div> <div style="width: 33%;"> <input type="checkbox"/> Cities                                 </div> </div> </div> </div>	
<div style="display: flex; justify-content: space-between;"> <div> <b>Fund Sources Affected</b>  <input type="checkbox"/> GPR   <input type="checkbox"/> FED   <input type="checkbox"/> PRO   <input type="checkbox"/> PRS   <input type="checkbox"/> SEG   <input type="checkbox"/> SEGS                         </div> <div> <b>Affected Ch. 20 Appropriations</b> </div> </div>	
<b>Agency/Prepared By</b> CTS/ Nancy Rottier (608) 267-9733	<b>Authorized Signature</b> Nancy Rottier (608) 267-9733
<b>Date</b> 1/11/2010	

## Fiscal Estimate Narratives

CTS 1/11/2010

LRB Number	09-2999/2	Introduction Number	AB-0524	Estimate Type	Original
<b>Description</b>					
The jurisdictional amount and court fees in certain small claims actions					

### Assumptions Used in Arriving at Fiscal Estimate

This bill increases the jurisdictional amount in certain small claims court actions and raises the filing fees for plaintiffs in most small claims actions. Under current law, claims for money damages, attachment, garnishment, or to enforce a lien, in small claims court actions cannot exceed \$5,000.

Under this bill, the jurisdictional amount would be raised to a \$10,000 limit for the types of actions above for those plaintiffs who have filed 20 or fewer small claims court actions in the preceding 365 days. For those plaintiffs who have filed more than 20 small claims court actions in the preceding 365 days, the jurisdictional amount would remain at \$5,000.

In addition, this bill would increase the filing fee for most small claims court actions. The current filing fee would remain \$22 for those filing small claims court actions for evictions, returns of earnest money, forfeitures, replevins and arbitration. Some exceptions to the current \$22 filing fee are not impacted by this bill. For claims for money damages, attachment, garnishment, or to enforce a lien, the filing fee would be increased. For those plaintiffs who have filed 20 or fewer small claims actions, the fee would be 150 percent of the regular fee or \$33. For those who have filed more than 20 small claims actions, the fee would be 200 percent of the regular fee or \$44.

The fiscal impact of the provision raising the jurisdictional limit will depend on the number of current large civil claims (those claiming more than \$5,000) that will be allowed to be filed as small claims cases. For every case filed as a small claim, there will be a loss of \$148.00 to the state general fund, \$19.80 to the general fund of the county where the action is filed and \$3.20 to CCAP (Consolidated Court Automation Programs).

The loss per case of \$148.00 is comprised of two parts, \$30.00 because of the lower small claims filing fee and \$118.00 because of the lower court support services surcharge (CSSS). The loss per case for the counties and for CCAP is due to the lower small claims filing fee. These figures are detailed in the attached spreadsheet.

We estimate there are 3,867 large civil claims that fall between \$5,000 and \$10,000, based on an analysis of current docketed judgments. Based on a sample of docketed judgments, approximately 11% (10.67%) of judgments were between \$5,000 and \$10,000. In 2008 there were 35,153 large civil claims filed statewide (excluding Portage County). Using the 11% figure, the number of large civil claims eligible to be transferred to small claims court is 3,867.

This number of eligible large civil claims is limited by the percentage of plaintiffs who meet the other requirements of the bill. Under the terms of the bill, plaintiffs who have filed more than 20 small claims court actions in the preceding 365 days would continue to be limited to the \$5,000 jurisdictional amount. For purposes of this estimate, we have assumed 75% of the small claims actions will be subject to the \$5,000 jurisdictional amount and 25% of the small claims actions will be subject to the \$10,000 jurisdictional amount. This assumption is based on an analysis of the plaintiffs in nearly 20,000 small claims cases filed in Milwaukee and Dane Counties in the first six months of 2009.

Using the estimate of 3,867 large civil claims times the 25% eligible to use the higher jurisdictional amount, results in a loss of revenue of \$165,357. These figures are detailed on the attachment to this fiscal estimate.

The fiscal impact of the increase in filing fees will depend on the percentage of filers who are subject to the \$33 filing fee or the \$44 filing fee. In 2008 there were 143,308 small claims actions filed that will be impacted by this bill. For purposes of this estimate, we have again assumed 25% of the small claims actions will be subject to the \$33 filing fee and 75% of the small claims actions will be subject to the \$44 filing fee. This assumption is based on the analysis of Milwaukee and Dane County cases referred to above.

Using this assumption, it is estimated there will be an additional \$2,718,065 of revenue raised under this bill, with all revenues distributed to the general funds of the counties.

The net fiscal impact of the bill is a decrease in revenues to the state general fund of \$143,116, a decrease in revenues to CCAP of \$3,094.40 and a net increase in revenues to the counties of \$2,750,169.40.

The fiscal impact is based on assumptions as detailed above. To the extent any of these assumptions are not borne out by actual experience, the fiscal impact could vary. For instance, the number of cases that would be eligible to be filed as small claims with a \$10,000 jurisdictional limit may be greater or lesser than the assumptions used. If the number shifted from large claims to small claims is greater than estimated, then there will be a greater revenue loss to the state. The percentage of plaintiffs who exceed the more than 20 cases filed in a year threshold may also vary from the assumptions used here, resulting in a change in the revenues generated from the filing fees.

### **Long-Range Fiscal Implications**

## AB 524: Analysis of Fiscal Effects

### Increase of Small Claims Limit for Certain Cases

	<u>Current Law</u>			<u>AB 524</u>
	Small Claims	Large Claims	Difference Per Case	Estimated # of Cases 3,867 X 25% = 967
	Single Case	Single Case		
<b>Revenue</b>				
Filing Fee	\$22.00	\$75.00	(\$53.00)	(\$51,251.00)
CSSS	\$51.00	\$169.00	(\$118.00)	(\$114,106.00)
JISS	\$21.50	\$21.50	\$0.00	\$0.00
Total Collected	\$94.50	\$265.50	(\$171.00)	(\$165,357.00)
<b>Distribution</b>				
County General Fund	\$10.20	\$30.00	(\$19.80)	(\$19,146.60)
State General Fund	\$52.00	\$200.00	(\$148.00)	(\$143,116.00)
CCAP	\$17.80	\$21.00	(\$3.20)	(\$3,094.40)
JIS/OJA	\$14.50	\$14.50	\$0.00	\$0.00
Total Distributed	\$94.50	\$265.50	(\$171.00)	(\$165,357.00)

### Increase of Limit to \$10,000 and of Filing Fee to \$33.00

	Small Claims	Claims Between \$5,000 and \$10,000 20 or fewer cases	Difference Per Case	Estimated # of Cases (143,308 X 25%) + 967 = 36,794
	Single Case	Single Case	Single Case	
<b>Revenue</b>				
Filing Fee	\$22.00	\$33.00	\$11.00	\$404,734.00
CSSS	\$51.00	\$51.00	\$0.00	\$0.00
JISS	\$21.50	\$21.50	\$0.00	\$0.00
Total Collected	\$94.50	\$105.50	\$11.00	\$404,734.00
<b>Distribution</b>				
County General Fund	\$10.20	\$21.20	\$11.00	\$404,734.00
State General Fund	\$52.00	\$52.00	\$0.00	\$0.00
CCAP	\$17.80	\$17.80	\$0.00	\$0.00
JIS/OJA	\$14.50	\$14.50	\$0.00	\$0.00
Total Distributed	\$94.50	\$105.50	\$11.00	\$404,734.00

## Retain \$5,000 Limit and Increase of Filing Fee to \$44.00

	Small Claims	Claims Between \$5,000 and \$10,000 21 or more cases	Difference Per Case	Estimated # of Cases (143,308 X 75%) = 107,481
	Single Case	Single Case	Single Case	
<b>Revenue</b>				
Filing Fee	\$22.00	\$44.00	\$22.00	\$2,364,582.00
CSSS	\$51.00	\$51.00	\$0.00	\$0.00
JISS	\$21.50	\$21.50	\$0.00	\$0.00
Total Collected	\$94.50	\$116.50	\$22.00	\$2,364,582.00
<b>Distribution</b>				
County General Fund	\$10.20	\$32.20	\$22.00	\$2,364,582.00
State General Fund	\$52.00	\$52.00	\$0.00	\$0.00
CCAP	\$17.80	\$17.80	\$0.00	\$0.00
JIS/OJA	\$14.50	\$14.50	\$0.00	\$0.00
Total Distributed	\$94.50	\$116.50	\$22.00	\$2,364,582.00

## Net Fiscal Impact

<b>Revenue</b>	
Filing Fee	\$2,718,065.00
CSSS	(\$114,106.00)
JISS	\$0.00
Total Collected	\$2,603,959.00
<b>Distribution</b>	
County General Fund	\$2,750,169.40
State General Fund	(\$143,116.00)
CCAP	(\$3,094.40)
JIS/OJA	\$0.00
Total Distributed	\$2,603,959.00

### Abbreviations:

CSSS = Court Support Services Surcharge  
 JISS = Justiste Information System Surcharge  
 CCAP = Consolidated Court Automation Programs  
 JIS = Justice Information Systems  
 OJA = Office of Justice Assistance